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SUBJECT: BAGHDAD'S SCENESETTER FOR THE ISTANBUL MINISTERIAL

Classified By: Classified by Acting Political Counselor Ellen Germain f or Reasons 1.4d/b

(C) Secretary Rice: After Ambassador Crocker's September testimony, the widespread feeling within the GOI was that the Maliki government had shown just enough political progress to ensure 3-6 additional months of United States support. We are now close to the two-month anniversary of the hearings, and, despite continued "hard security gains won at a high price" the pace of political reconciliation remains slow. You should use Istanbul to push senior GOI leadership hard on reconciliation imperatives; emphasize that the window of time our "security surge" has bought is narrow and that the GOI must act now to follow on with a "services surge." Encouraging local developments in the provinces and in some parts of Baghdad must be matched by national leadership initiatives that continue and broaden the The Turkey/PKK situation on Iraq's border momentum. threatens to take over the ministerial; the crisis prompted the GOI to consider rescheduling and even now we are not sure whether Prime Minister Maliki or President Talabani will There is a danger this issue will dominate much of the discussion in Istanbul and a key part of your mission will be to keep the conference focused on Iraq. However, Istanbul also provides you the chance both to stress that economic opportunity must follow security gains and to encourage Iraqi and Neighbors leaders to commit to meeting that challenge.

NORTHERN BORDER ISSUES

- 12. (C) Despite an October 23 visit to Baghdad by Turkish Foreign Minister Babacan, and an October 26 visit by a high-level Iraqi delegation to Ankara, headed by Minister of Defense Abdul Kader, the Iraqis have still not put in place the type of concrete actions against the PKK that Turkey is demanding, including capturing and extraditing PKK leaders and closing PKK offices in Kurdistan. Eight Turkish soldiers are still being held hostage by the PKK. Senior GOI officials and KRG President Massud Barzani have made strong statements condemning the PKK, but the Turks have made clear that is not good enough.
- ¶3. (C) The high-level visits left the GOI convinced that a major cross-border operation was imminent. In response, instead of going after the PKK, the GOI has developed a strategy that involves reaching out to both the Arab League and the European Union for support. This strategy risks internationalizing and polarizing what until now has been a local problem that two neighbors are working together (however fitfully) to address. With the exception of the hostage issue, on which GOI and KRG leadership appear intensely focused, the GOI has failed to grasp the need for action against the PKK. You will want to avail yourself of every opportunity to stress that GOI plans to persuade the international community to "take sides" on the PKK issue risk turning a local quarrel into an international crisis and are

TRILATERAL MINISTERIAL--REVIVING GOI-GOT DIALOGUE

14. (C) The GOI delegation returned from Ankara feeling that their delegation and the proposals it presented on October 26 were not taken seriously, and that Iraqi dignity had been offended to the point they formally complained to the Turkish Ambassador in Baghdad. You should use a trilateral ministerial with FM Zebari and FM Babacan after the conclusion of the Neighbors conference to put the diplomatic process back on track, minimizing the likelihood of a Turkish cross-border operation, or at least its scope. We will push Zebari to come to the table with a number of concrete measures which have already been implemented and others which it will be willing to take in the mid- to long-term. The GOI has moved considerably toward recognition that the presence of the PKK is a problem for which it must take responsibility. However, Zebari, himself a Kurd, is not always able on an emotional level to put his role as a member of the central government above his ethnic loyalties. He can nonetheless be counted upon to welcome U.S. help in facilitating diplomacy) he recently hosted Babacan in Baghdad) and to work in a constructive way on the sensitive issue of future KRG participation in trilateral fora.

SECURITY

15. (C) On October 21-22 Kuwait hosted meetings of technical experts from participants in the Neighbors Border Security Working Group. The experts, representing all of Iraq,s neighbors including Saudi Arabia (which had been absent at the first Border Security Working Group Meeting in Damascus),

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will present recommendations at the Ministerial that include: the establishment of an information-sharing mechanism among their border control entities; restrictions on visas for military-aged males; and exchange of liaison officers at Points of Entry. In an October 23 follow-on meeting, the Interior Ministers of all of Iraq,s neighbors, plus those of Egypt, Bahrain, and representatives of the Arab League, and UNAMI, presented formal statements of their views on the security situation in Iraq, and offered a range of assistance including screening of military-age males at POEs, enhanced information sharing and training for Iraqi border police. As with other Neighbors Working Groups, you will want to push them to transition from words to actions.

UNHCR PLEDGE/REFUGEES

16. (C) GOI senior leadership is sending mixed messages about paying out its USD 25 million pledge for refugee assistance, and the issue highlights deep divisions within the GOI. Finance Minister Bayan Jabr told Deputy Secretary Negroponte last week that the GOI would release the money "soon," but Foreign Minister Zebari told Senior Coordinator for Iraqi Refugee Affairs Ambassador James Foley on October 26 that releasing the money was "out of the question" because Prime Minister Maliki considers the refugees to be (mainly) Sunni Ba'athists insurgents who should receive no support from the GOI. Maliki needs to hear a strong message from you that GOI equivocation has negative consequences for Iraq,s image that outweigh the modest sum involved.

POLITICAL DEVELOPMENTS

17. (C) Prime Minister Maliki is expected to announce a cabinet reshuffle involving as many as 10 ministry portfolios. He has just named two new ministers to fill the Health and Agriculture positions vacated by Sadrists who resigned several months ago; but another 15 positions vacated

by Tawafuq Coalition, Iraqiya and the Sadrists remain empty. The new head of the Anbar Awakening Council (SAI), Ahmed Beyzia al-Rishawi, has sent a letter to Prime Minister Maliki offering up names of 11 SAI candidates for the vacant cabinet seats. Ahmed, who succeeded his murdered brother, SAI founder Sheik Sattar Abu Risha, has spearheaded a movement to transform SAI into a national political actor and has opened SAI offices in Ninewah province and begun coordinating with tribal leaders in Diyala province. These developments may threaten the Sunni mainstream, sunder Sunni political cohesion (such as it is) and ultimately benefit Iran. You should press the Prime Minister for his views on this matter.

EXPANDED UNAMI ROLE

¶8. (C) United Nations Secretary General Ban Ki-moon is now attending the conference, which will be Staffan de Mistura's first official appearance as the Secretary General,s Special Representative for Iraq. UNAMI has already done constructive work in Iraq on elections support and constitutional review, and the expanded mandate provided to it by UNSCR 1770 gives it plenty of room for growth. You may have an opportunity for a pull-aside during which it would be useful to press de Mistura for specifics on how he intends to implement that expanded mandate, suggesting special attention to national dialogue and humanitarian relief measures. Another key issue to raise with de Mistura is UN Baghdad representation: de Mistura and UNAMI have headquarters in Baghdad, other agencies on the UN country team like UNDP and WHO are all based in Amman (UNHCR recently opened an office in Baghdad.) We would like to encourage them to set up offices in Baghdad and this is a good opportunity to emphasize this point to de Mistura, who is open to the idea.

RECONCILIATION

- 19. (C) The GOI took a step forward in reconciliation efforts when the Council of Representatives recently passed a universal pension law making all Iraqis eligible for a pension regardless of past membership or level in the Ba'ath Party. Iraqi leaders agreed in August on the language for the flagship law on Accountability and Justice (de-Baathification Law), and it is now moving, albeit slowly, through the Council of Representatives. The bill still limits access to public sector jobs for former high-ranking members of the Baath party, but does not bar them from other types of employment. You should press the GOI leaders to do all they can to ensure the de-Ba'athification law passes as quickly as possible.
- 10. (C) You should also encourage Prime Minister Maliki to publicize his reconciliation efforts. He fears losing party

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support by publicly speaking about his reconciliation record, but he needs to be told that the benefit to Iraqi unity outweighs the risks. You might also want to urge him to continue reaching out to minority groups such as Iraqi Christians to ensure they remain a viable part of Iraq's diverse, multi-cultural and multi-ethnic society

KEY ECONOMIC ISSUES

111. (C) The military surge has produced security gains that must be followed up by increased economic opportunities for the Iraqi people. Senior GOI leadership must now summon the political will to pass a comprehensive hydrocarbons package, implement investment legislation passed a year ago, and stand up a fully-staffed Secretariat to support implementation of the International Compact with Iraq (ICI). Decision-makers are still quibbling about details on the hydrocarbons package; you should stress that they need to stop quarreling and make the (small) required compromises and generally live

up to their agreements. Emphasize that Iraqi ownership and leadership in a fully functional ICI Secretariat and sectoral working groups is critical because they provides key mechanisms to direct donor funds toward projects the GOI has identified as priorities.

COMMENT

112. (C) The circumstances (both positive and negative) surrounding the Istanbul Ministerial will test the usefulness of the Neighbors format, but ultimately the success of the conference may hinge on our ability to keep business focused squarely on Iraq.
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